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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-16-11**

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**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**An Application by British Columbia Hydro and Power Authority
for the approval of the Disposition and Termination of the
British Columbia Transmission Corporation Regulatory Accounts
and BC Hydro's BCTC Deferral Account**

BEFORE: L.F. Kelsey, Commissioner
D. Morton, Commissioner

February 10, 2011

ORDER

WHEREAS:

- A. By Order G-96-04, the British Columbia Utilities Commission (the Commission) granted approval for the British Columbia Transmission Corporation (BCTC) to establish the Revenue Deferral Account, Cost of Market Deferral Account, Emergency Maintenance Deferral Account, and the Regulatory Expenditure Deferral Account. The Commission also granted approval for BCTC to establish the International Financial Reporting Standards Deferral Account by Order G-105-08, the Section 5 Transmission Inquiry Deferral Account by Order G-2-09, and both the Polychlorinated Biphenyls Mitigation Deferral Account and the Aboriginal Relations Deferral Account by Order G-142-09. By Order G-43-10, the Commission granted approval for the Fiscal 2011 (F2011) Capital Portfolio Sustaining Cost Deferral Account and also directed BCTC to establish the F2011 External Communications Regulatory Account and the F2011 Labour Contracts Regulatory Account (collectively, the BCTC Regulatory Accounts);
- B. On July 5, 2010, Part 7 of the *Clean Energy Act*, S.B.C. 2010, c. 22, came into effect and resulting in the BCTC Regulatory Accounts being transferred to and vested in the British Columbia Hydro and Power Authority (BC Hydro);
- C. On December 2, 2010, the BC Hydro F2011 Revenue Requirements Negotiated Settlement Agreement (F11 RRA NSA) was approved by Order G-180-10. As part of the F11 RRA NSA, BC Hydro's portion of the Fiscal 2010 balance of the BCTC Regulatory Account was transferred to BC Hydro's BCTC Deferral Account (BCTCDA). The balance of the BCTCDA was then transferred to BC Hydro's Non-Heritage Deferral Account (NHDA);
- D. On December 14, 2010, BC Hydro applied to the Commission under section 60 of the *Utilities Commission Act*, Section 6 of Special Direction 9, and Section 7 of Special Direction HC2 to the Commission for approval to transfer its portion of the remaining balance in the BCTC Regulatory Accounts by way of a charge to BC Hydro's NHDA including interest to the date of clearing, to expense the net amount that would have otherwise been allocated to

BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-16-11

2

non-BC Hydro Open Access Transmission Tariff (OATT) customers, and to terminate the BCTC Regulatory Accounts. BC Hydro also seeks approval to transfer the remaining balances in the BCTCDA to the NHDA and to terminate this account. Lastly, BC Hydro seeks approval on a go-forward basis to revise the NHDA to allow the inclusion of variances in transmission services revenues and the inclusion of non-capital emergency transmission maintenance expenditures over \$1 million (collectively, the Application);

- E. Upon request of Commission Staff, BC Hydro submitted an errata to the Application on January 31, 2011, which reflects the accurate balance in the Section 5 Deferral Account balances;
- F. The Commission has reviewed the Application and considers that an approval is required.

NOW THEREFORE pursuant to section 60 of the *Utilities Commission Act*, the Commission approves the following:

1. The transfer of BC Hydro's portion of the BCTC Regulatory Account balances to the NHDA including interest to the date of clearing. BC Hydro's allocated portion is \$0.855 million including interest as at October 31, 2010.
2. Expense the net amount that would have been allocated to non-BC Hydro OATT customers in F2011, without recovery from BC Hydro customers. The net amount allocated to non-BC Hydro OATT customers including interest as at October 31, 2010 is \$0.105 million. Subsequently, the BCTC Regulatory Accounts will be terminated.
3. The transfer of remaining balances in the BCTCDA to the NHDA and subsequently terminate the BCTCDA.
4. On a go-forward basis, the NHDA will be allowed to capture the difference between forecast and actual transmission service revenue.
5. On a go-forward basis, the NHDA will also be allowed to capture non-capital emergency transmission maintenance expenditures over \$1 million, and as further described in the Application.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of February 2011.

BY ORDER

Original signed by:

D. Morton
Commissioner